
Program Memorandum Carriers

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal B-01-41

Date: JUNE 18, 2001

CHANGE REQUEST 1742

**SUBJECT: Clarification—Durable Medical Equipment Regional Carrier (DMERC)
Implementation of Mandatory Assignment for Drug Claims**

Section 114 of the Benefits Improvement and Protection Act of 2000 (BIPA) states, “Payment for a charge for any drug or biological for which payment may be made under this part may be made only on an assignment-related basis.” To implement this new requirement at the DMERCs, HCFA issued Program Memoranda (PM) B-01-15 and B-01-21, which mandated assignment for all drugs a supplier or beneficiary bills to a DMERC under the durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) benefit. These PMs directed systems changes required to enforce assignment, and required the DMERCs to work together to create a list of HCFA Common Procedure Coding System (HCPCS) codes which DMEPOS suppliers must bill on an assigned basis.

It has come to HCFA’s attention that the DMERCs may have interpreted this new requirement to require assignment on drugs that Medicare never covers, but that a supplier or beneficiary still bills to the DMERC (e.g. to obtain a denial for Medicare Secondary Payer purposes). HCFA believes that this interpretation is too broad, and that the language of the law only requires mandatory assignment for drugs “for which payment may be made”—i.e., Medicare covered drugs (in this case, drugs under the jurisdiction of the DMERCs, not the local Part B carriers).

In order to address this issue, the DMERCs must revise the HCPCS codes they included on the list of drug codes subject to mandatory assignment, under PMs B-01-15 and B-01-21. The DMERCs must remove any codes for which the DMERC would never pay (e.g., no benefit category, not under DMERC jurisdiction), and thus, are not subject to the mandatory assignment provision. The DMERCs must share these lists with their own systems staff, HCFA, and the standard system maintainer (VIPS).

The *effective date* for this PM is June 18, 2001.

The *implementation date* for this PM is July 1, 2001.

These instructions should be implemented within your current operating budget.

This PM may be discarded after June 30, 2002.

If you have any questions, contact Renée Hildt at (410) 786-1446 or rhildt@hcfa.gov.